



Frequently Asked Questions Retiree Health Fund Contributions Updated June 2015

A. Change in contribution level for Employees with OPE2/OTR2 Deduction Codes

1. Q—How much are the contributions for SERS and ARP members who were first required to contribute to the Retiree Health Fund under SEBAC 2011?

The amount of the Retiree Health Fund deduction for these employees has been phased in over a three-year period. For SERS and ARP members the contribution rates under deduction code OPE2 are as follows:

- 0.5% from July 1, 2013 to June 30, 2014;
- 2% from July 1, 2014 to June 30, 2015;
- 3% from July 1, 2015 on.

2. Q—What is the contribution rate for members of the Teachers Retirement System (TRS) who first started contributing to the Retiree Health Fund under SEBAC 2011?

The 2011 SEBAC Agreement provides that Retiree Health Fund contributions for state employee members of TRS will be offset by the health assessment (currently 1.25% of compensation) that those members pay pursuant to Section 10-183b-7 of the General Statutes. In October 2011, the Retiree Health Fund contribution rate for TRS members currently contributing was reduced to 1.75% and their deduction code was designated as OTRS.

We used deduction code OTR2 for TRS members first required to contribute under SEBAC 2011. The Retiree Health Fund contribution rates for this group are:

- 0.00% from July 1, 2013 through June 30, 2014;
- 0.75% from July 2014 to June 30, 2015;
- 1.75% from July 1, 2015 on.

3. Q—What will happen if there is a change to the health assessment that TRS members pay pursuant to Section 10-183b-7?

The SEBAC 2011 Agreement requires an offset of the amounts TRS members have to pay under Section 10-183b-7. If their required contribution under Section 10-183b-7 changes, state employee members of TRS will have the amount of their contribution to the Retiree Health Fund adjusted so that they pay the same overall contribution as a state employee with a similar date of hire.

4. TRS members do not make pension contributions during the summer months. Should we adjust their Retiree Health Fund contributions during the summer so that they are paying 3% of compensation earned?

No, retirement plan contributions for TRS members are pro-rated so that they pay the required percentage of compensation to the TRS throughout the 10-month academic year, even if they receive paychecks over a 12-month period. The OTRS and OTR2 deductions should remain in effect year-round. Do not adjust or terminate anything during the summer months.

5. Q—Will the new deduction rates affect employees who had to pay into the Retiree Health Fund under SEBAC 2009?

No, employees who began contributing to the Retiree Health Fund before July 1, 2013 will continue to contribute at existing rates. For SERS and ARP members the contribution rate under deduction code OPEB will continue to be 3%. For TRS members, the deduction code is OTRS and the contribution rate is 1.75%.

6. Q—We just rehired someone with 10 years of prior state service. He is in SERS, but he was not working for the state when SEBAC 2011 took effect. Is he required to contribute to the Retiree Health Fund and in what amount?

Yes, he should be signed up for the OPEB deduction with the contribution rate of 3%. .

7. Q—What are all the deduction codes and how do they differ?

Code	Percentage	Applies to
OPEB	3%	<ul style="list-style-type: none">• Employees required to contribute under SEBAC 2009,• New hires post 7/1/2009 and• Rehires post 7/1/2011
OPE2	0.5% from 7/1/13 to 6/30/14 2% from 7/1/14 to 6/30/15 3% from 7/1/2015 onwards	<ul style="list-style-type: none">• All healthcare-eligible employees not required to contribute under SEBAC 2009
OTRS	1.75%	<ul style="list-style-type: none">• TRS members required to contribute under SEBAC 2009, contribution rate reduced effective 10/7/2011,• Rehires post 7/1/2011
OTR2	0.0% from 7/1/13 to 6/30/14 0.75% from 7/1/14 to 6/30/15 1.75% from 7/1/2015 onwards	<ul style="list-style-type: none">• All healthcare eligible state employee members of TRS not required to contribute under SEBAC 2009

B. Start Date for New Contribution Amounts

1. Q—When will the new contribution levels take effect for employees who were first required to contribute to the Retiree Health Fund under SEBAC 2011?

The final part of the phase-in process will start with. The new contribution levels will be reflected in the first full pay period that begins after July 1, 2015. See below:

Pay Frequency	Deduction Effective Date	Check Date
Bi-weekly	07/10/2015	08/07/2015
Special Bi-weekly	07/24/2015	08/7/2015
Semi-Monthly	08/01/2015	08/14/2015
Monthly	08/01/2015	08/07/2015

2. Q—When the contribution rates change in July 2015, how will the change be made?

The deduction codes (OPE2 and OTR2) have been set up so that new rates will be adjusted in CORE-CT without agency involvement.

3. Q—Will the OPE2 and OTR2 deduction codes be “retired” after the July 2015 changes go into effect?

A. No, the OPE2 and OTR2 deduction codes will remain in effect for those whose obligation to contribute commenced under SEBAC 2011. The amounts of the contribution are now the same for comparably situated employees, but this will better help us to track contributions made.

4. Q—We just rehired an employee who was making contributions under the OPE2 deduction code. The current Form CO-1300 only has a slot for signing him up for the OPEB deductions. What should we do?

A—The Form CO-1300 is in the process of modification so that rehired employees can be signed to continue the same deduction code that was applied at the time of separation from service.

C. Duration of Contributions

1. Q—How long will the contributions last?

The obligation is to pay the contribution for all healthcare-eligible employees is for 10 years or until retirement, whichever occurs sooner.

2. Q—An employee began making a 0.5% deduction under OPE2 deduction code in July 2013. He will complete 10 years of actual service in December 2015. Will his eligibility for retiree health insurance be affected if he takes early retirement before completing 10 years of Retiree Health Fund deductions?

The 2011 SEBAC agreement requires that Retiree Health Fund contributions be made for 10 years or until retirement--whichever is sooner. If someone first started contributing to OPEB in July 2013 and has sufficient service to retire with health benefits in December 2015, the Retiree Health Fund contributions will cease when he retires.

Eligibility for retiree health benefits is determined separately from the duration of Retiree Health Fund contributions. The only time there might be an issue would be if someone has sufficient service to qualify for retiree coverage but failed to pay the Retiree Health Fund contribution when required to do so. For example, assume that an employee hired in July 2008 was required to start paying the 3% Retiree Health Fund starting July 2010 but his agency did not start the deduction until July 2012. At the time of retirement in July 2017, it is discovered that he missed two years of 3% deductions. He would be required to pay the amount of the missing Retiree Health Fund contributions as a condition of obtaining retiree health benefits.

3. Q—One of our employees started paying the OPE2 deduction in July 2013. He was on unpaid leave for 3 months in FY 2015 and just returned to work. Does he get an additional 3 months to make Retiree Health Fund contributions at the 2.0% rate or would his contribution rate change to 3% effective July 1, 2015?

He will pay the OPE2 deduction at its current contribution level. You will need to extend the end date for the employee's Retiree Health Fund contributions by 3 months.

4. Q—An employee who started to pay the OPE2 deduction on 7/12/2013 has enough service to qualify for retiree health benefits. He is going to separate from service on 8/31/2015. When do we terminate his OPE2 deduction?

Do not terminate the OPE2/OPEB deduction code for any retiring employee who has contributed to the Retiree Health Fund for less than 10 years. If he has enough service to qualify for retiree health benefits the OPE2/OPEB deduction must be collected from all compensation, including the final vacation leave payout.

For an employee who is separating from service without sufficient service to qualify for retiree coverage you can terminate the Retiree Health Fund deduction after receiving a notice of separation..

5. Q—I am retiring on August 1, 2015 and qualify for retiree coverage Will I have to pay the OPE2 deduction on the payout of my unused vacation and sick leave?

The OPE2 contribution will be deducted from your vacation leave payout because you have not paid Retiree Health Fund contributions for 10 years. You do **not** pay the Retiree Health Fund deduction on your sick leave payout.

D. Compensation on which Deduction is based.

1. Q—I have a full-time job that makes me eligible for state-paid health benefits and a part-time job. Do I have to pay the Retiree Health Fund contribution on both jobs?

No. If an employee has a full-time job that provides him or her with state-paid healthcare benefits, the Retiree Health Fund contribution should be applied to compensation on the full-time job only.

2. Q—If a full-time faculty member teaches at a state college or university during the summer or intersession, will that faculty member have to pay the Retiree Health Fund contribution on the part-time job?

No. If the faculty member qualifies for state-paid healthcare benefits from his or her full-time job, do not start the Retiree Health Fund deduction for a part-time summer or intersession compensation.

3. Q—Will an employee who is eligible for state-paid health benefits from a part-time position be required to pay the Retiree Health Fund if he or she has other part-time employment with the state?

Yes. For employees with multiple part-time positions, the Retiree Health Fund contribution must be collected from all state positions, not just the one that makes him or her eligible for healthcare benefits.

4. Q—Is there a cap on the amount of compensation subject to the deduction?

No.

5. Q—Is the Retiree Health Fund contribution taken on overtime pay?

Yes.

E. Employees subject to Retiree Health Fund deductions

1. Q—Are all employees required to contribute?

In general, employees who are eligible for state-subsidized healthcare benefits are subject to the deduction. The following groups of employees are excluded:

- Employees who are not eligible to participate in a state of CT retirement plan,
- Adjunct faculty members who are only intermittently eligible for state-paid health benefits,
- Temporary or seasonal workers who are not eligible for healthcare benefits,
- Employees who demonstrate that they have other retiree coverage in their own right from another source.

2. Q—Are employees of quasi-public bodies, like the Connecticut Development Authority and Connecticut Innovations, subject to the Retiree Health Fund deduction?

Yes. Employees of quasi-public agencies that are treated like State employees for purposes of retirement plan membership and qualification for retiree health benefit coverage are also required to contribute to the Retiree Health Fund.

3. Q—Temporary Sessional employees of the Joint Committee on Legislative Management may become eligible for health benefit coverage if they worked at least 200 days in the past 12 months and work both sessional and interim periods. Would they be required to contribute to the Retiree Health Fund?

Yes, when they become eligible for health benefits, the agency should start the Retiree Health Fund contributions.

4. Q—Are adjunct faculty members subject to the requirement to contribute to the Retiree Health Fund?

No, the SEBAC 2009 and 2011 Agreements provide that they are exempt from the requirement to make contributions to the Retiree Health Fund from current compensation; their eligibility for health benefits changes from semester to semester.

5. Q—Our college appoints adjunct faculty members as full-time, temporary special lecturer positions and provides them with state-paid healthcare benefits. Should we enroll them in the Retiree Health Fund deductions during these temporary full-time appointments?

No. Do not enroll these employees for the Retiree Health Fund deduction.

6. Q—What happens if an adjunct faculty member qualifies for retiree coverage? Does that mean that they don't have to pay anything to the Retiree Health Fund?

Adjunct faculty members with sufficient actual state service to qualify for retiree coverage must pay Retiree Health Fund contributions as a condition of obtaining retiree health benefits. The payment plan is implemented at the time of retirement by completion of Form CO-1323. The Employee Benefits Unit of the Healthcare Policy & Benefit Services Division can assist you and set up a process for collecting these contributions. .

7. Q—How would the amount of the Retiree Health Fund contribution be calculated for an adjunct?

The retiring adjunct should fill out a CO-1323 listing all semesters of healthcare-eligible service (9 or more credit hours for those teaching at multiple institutions) or 0.5 FTE for those working at a single institution. After sufficient service is confirmed to qualify for benefit, the Office of the State Comptroller ("OSC") determines how much compensation the adjunct earned during each semester of healthcare-eligible service when payment of Retiree Health Fund contributions would have been required and calculates required contribution on that amount.

For example, an adjunct faculty member was hired on 7/1/2007 at age 59. He retired on 7/1/2015 at age 62 with 8 years of actual state service and qualified for retiree health benefits. If he had been a full-time employee he would have been required to start contributing 3% of compensation to the Retiree Health Fund on 7/2/2010. He was eligible for state-paid health benefits each semester between 7/2010 and 7/2015. His total compensation during that period was \$155,000 (averaging \$15,500 per semester). The adjunct's 3% contribution to the Retiree Health Fund based on total compensation of \$155,500 comes to \$4655. He must make arrangements to pay that amount upon retirement in order to receive health benefits.

8. Q—When should new employees be signed up for Retiree Health Fund contributions??

As soon as they become eligible for health benefit coverage.

9. Q—Are employees of the Probate Courts (clerks, probate judges) subject to the Retiree Health Fund deduction.

No. Probate Court judges and their employees are not state employees and are not subject to the Retiree Health Fund deduction.

10. Q—We hire employees who are not eligible for retirement plan participation, such as people on J-1 and F1 visas, Graduate Assistants, Special Payroll, Student Payroll, 1199 per diems. Are they required to make the Retiree Health Fund contributions?

If employees are not eligible to participate in a state retirement plan they are not subject to the Retiree Health Fund contribution.

11. Q—Are there codes to identify employees who are not eligible for retirement plan participation?

Employees in the job codes set forth below are not eligible for retirement plan participation.

0274	Registered Pro Nurse-Per diem P1
0276	Licensed Practical Nurse NP6
0444	CC Student Worker Financial Aid
0446	CC Student Worker

0448	Maintenance Trainee (STEP)
0510	National Guardsman
0857	BSAA Student Worker-KS only
2552	Cooperative Education Intern
4110	General Worker-Student
4111	General Worker-Senior Citizen
4112	General Worker-Technical Services
4185	Graduate Assistant
4666	Physician—Per Diem
4667	Psychiatrist—Per Diem
4668	Psychologist—Per Diem
4669	Occupational Therapist—Per Diem
4670	Physical Therapist—Per Diem
4671	Speech Pathologist—Per Diem
5021	Employment Security Intermittent Interviewer—Labor Dept. only
5022	Intern, Dept. of Higher Education
6149	Patient Worker/Inmate Worker
7685	CDA CO-OP Education Intern
8105	University Assistant
8106	Graduate Intern
8145	Student Intern—Higher Education
8152	Student Laborer (Worker)
8181	Student Law Clerk
9097	State Work Study—ST Universities Only
9098	University Student Laborer
9099	Federal Work Study—ST Universities Only

F. Employee assigned Wrong Retiree Health Fund Deduction

1. **Q—Our agency failed to start the OPEB deduction for a new healthcare-eligible employee first hired in October 2012. He was mass-enrolled for the OPE2 deduction in July 2013. We just discovered that he was signed up for the wrong deduction code. What should we do now?**

Stop the OPE2 deduction and start the employee on the OPEB contribution immediately. Calculate the amount that the employee should have paid under the OPEB contribution from his first paycheck to the present and have him start to repay the missed contributions under the ADJOPE process. By making up the missed contributions the end date for his contributions will be the same as if the contributions were correctly started.

G. Exemption based on other retiree coverage

1. **Q—My husband is a retired state employee, and I am covered under his retiree health plan. Can I get an exemption from the Retiree Health Fund deduction because I already have retiree healthcare coverage?**

No. In order to be exempt from the Retiree Health Fund deduction you must have alternative retiree coverage in your own right from a source other than the State of Connecticut. The coverage upon which you rely is based solely upon your status as the spouse of a retired state of Connecticut employee, and, therefore, is not in your own right. Since the spousal benefit is being provided by the state it is not "from another source."

2. **Q—We hired someone who will be eligible for retiree health benefits under the Probate Court retirement plan. Is that employee exempt from the Retiree Health Fund deduction?**

Yes., Probate Court employees' retiree health benefits are provided by a separately funded plan. Have the employee provide a Waiver or Retiree Healthcare Coverage (CO-1304) and sufficient proof of coverage under the Probate Court Plan (either an Affidavit (CO-1303) or a statement from the plan's administrator.

3. Q—We hire retired military personnel. Is there some way a retired military person can demonstrate eligibility for retiree health coverage without having to get an Affidavit (CO-1303) completed?

Yes. Have the retired military member provide a copy of the DD-214 and obtain a retiree health coverage eligibility letter from the DMDC at 800-538-9552 or using the agency's website www.dmdc.osd.mil. The eligibility letter can be faxed to the member the same day the request is submitted. The military member should then complete the Waiver (CO-1304); those documents will be accepted in lieu of a completed affidavit as acceptable proof of alternate coverage.

4. Q—We hire retired U.S. Government employees. Is there some way a retired federal person can demonstrate eligibility for retiree health coverage without obtaining a completed Affidavit, which may be difficult.

Yes. The retired federal employee can call the Federal Office of Personnel Management at 724-794-2005 to request a proof of retiree income and retiree health insurance. Those documents will be accepted in lieu of a completed affidavit as proof of alternate retiree coverage. The employee also needs to complete a Waiver of retiree coverage (CO-1304).

H. Refunds of Retiree Health Fund Contributions

1. Q—I was hired July 1, 2011 and need 15 years of actual state service to qualify for retiree coverage. What will happen if I make contributions to the Retiree Health Fund for 10 years but don't end up working long enough to qualify for retiree health benefits?

If you don't accrue enough service to qualify for retiree health coverage you can request a refund of your Retiree Health Fund contributions upon separation from service.

2. Q—How can we expedite a separating employee's refund request so that the refund is paid promptly?

If a separating employee is entitled to a refund the following procedures will assure the prompt processing:

- (1) Agency determines the amount of the refund by consulting the OPEB Tracking Page in CORE-CT, (see OPEB Tracking Totals page);
- (2) Fill in the Grand Totals Refund Amount on the CO-1301 (Refund Application) and have the employee sign the form prior to the termination date;
- (3) Terminate the deduction immediately to prevent additional Retiree Health Fund contributions from being collected in remaining paychecks while the refund is being processed;
- (4) E-mail an override spreadsheet to osc.paycorrections@ct.gov and e-mail a copy of the CO-1301 to OSC.OPEB@ct.gov.

3. Q—How do I get a refund for someone who has shown they have alternate retiree coverage?

Use the OPEB Tracking Totals page in CORE-CT to determine how much the employee has contributed to the Retiree Health Fund. Immediately terminate the employee's deduction to prevent additional contributions from being deducted while the refund is being processed. Complete the CO-1301 (Refund Application) and send copies of the employee's Waiver (CO-1304) and the Affidavit confirming other coverage (CO-1303) (or other acceptable proof of coverage) to OSC.OPEB@ct.gov.

4. Q—One of our employees recently died. What do we need to do to process a refund?

Do not process any refund if the employee's spouse will qualify for a pre-retirement death benefit and retiree health coverage. If no pre-retirement death benefit is available to a surviving spouse, the agency should consult the OPEB Tracking Totals Page in CORE-CT, which will show the employee's total contributions and/or run the CORE-CT query. Enter this amount on the CO-1301 (Refund Application) and send it to OSC.OPEB@CT.gov, along with a copy of the employee's most recent CO-931 and CO-638 which should identify the employee's beneficiary. Once the forms are received Payroll Services will issue a check to the designated beneficiar(ies) and return it to the agency for mailing.

5. Q—One of our employees is a rehire. She got a refund of her OPEB contributions when she left in 2011; now she wants to pay back the refunded amount. What do we do?

An employee has 60 days after returning to state service to elect to repay the refunded amounts. The employee should be asked to fill out the CO-1302.. The refund will be shown as a negative amount on the OPEB Tracking Totals Page. If the employee wants to pay it back over time, the maximum period for repayment, using the ADJOPE deduction code, will be the same period during which prior deductions were made. If an employee has agreed to repay refunded contributions the deduction end date entered on the CO-1300 should reflect the duration of the employee's previous Retiree Health Fund contributions. Unless a repayment agreement is in place at the time of rehire the end date of the Retiree Health Fund contributions should be 10 years from the new start date. If an employee subsequently enters into a repayment arrangement, the end date for the Retiree Health Fund deduction can be modified to reflect that.

6. Q—Our agency just noticed that the refund check issued to a terminated employee amount was \$1200 higher than if should have been. We still have the check. What should we do?

The agency should deposit the check and then send in a COP-9 to Barry Halligan or Patricia Ryan in OSC Payroll Services (to adjust the OPEB before tax deduction). If there are any questions regarding the COP-9, please contact Barry Halligan or Patricia Ryan directly.

I. Investment of Retiree Health Fund Contributions

1. Q—What happens to the money that gets deducted from employee paychecks?

The Office of the State Comptroller transfers employee contributions to the Treasurer's Office, which, holds and invests that money along with required state contributions in the Other Post-Employment Benefits (OPEB) Trust Fund.

Additional Questions

If you have additional questions, please e-mail them to OSC.OPEB@ct.gov.